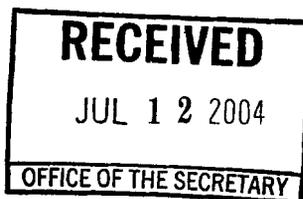


Larry E. Thompson
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July 8, 2004



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The Depository Trust &
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New York, NY 10041-0099

Jonathan G. Katz
Secretary
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

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Re: Release No. 34-49809, File No. S7-24-04, Issuer Restriction or Prohibition on
Ownership by Securities Intermediaries

Dear Mr. Katz:

We write in support of the Securities and Exchange Commission's (the "Commission") proposed rule to prohibit registered transfer agents from effecting any transfer of equity securities if such securities are subject to any restriction or prohibition on transfer to or from a securities intermediary (the "Proposed Rule").

As the Commission is aware, certain issuers have attempted to restrict the registration and/or ownership of shares by The Depository Trust Company ("DTC"), its nominee, or other "street name." These attempted restrictions have disrupted the National Market System for Clearance and Settlement with respect to those shares. Among other things, some issuers have confiscated shares presented by DTC for transfer, other transfers have been significantly delayed and were only resolved after time consuming negotiation between the transfer agent, the issuer, DTC, and the participant involved. In many cases, the issuers' actions resulted in the suspension of clearance and settlement services with respect to those securities, thereby delaying or preventing the settlement of trades.

In all cases, the issuers' restrictions deprived shareholders of their right to choose where and in what form to hold their securities. DTC believes that these restrictions are without legal basis and may, in certain cases, constitute an attempt to manipulate the trading and price of the securities.

The Proposed Rule furthers the goals articulated by Congress when it adopted Section 17A of the Exchange Act in that the Proposed Rule will, among other things, promote the prompt and accurate clearance and settlement of securities transactions and eliminate the delay, inefficiencies and unnecessary costs inherent in "certificate only" trading sought to be imposed by certain issuers.

We note that under DTC's existing rules, DTC makes shares eligible for book-entry transfer at the request of participants and, correspondingly, enables participants, upon request, to withdraw shares from the DTC system (see DTC Rule 12). This withdrawal mechanism, known as a withdrawal by transfer, is commonly utilized and can be utilized by participants on behalf of any shareholder that wishes to withdraw shares from DTC.

Subsidiaries:
The Depository Trust Company
National Securities Clearing Corporation
Fixed Income Clearing Corporation
Emerging Markets Clearing Corporation

Shareholders therefore have a full range of options as to how and where they wish to hold the securities they own.

Certain issuers have claimed that they have the right to control the disposition of shares they have sold into the marketplace, thereby directing that shares already registered in the name of DTC's nominee be surrendered to the transfer agent and that the issue no longer be eligible for book-entry transfer. Issuers, however, do not have continuing ownership rights in shares they have sold into the marketplace. Attempts by issuers to continue to exercise control over shares that have been sold to the public is improper and may well constitute conversion.

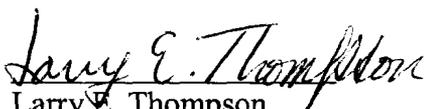
The Proposed Rule will prevent transfer agents from aiding and abetting wrongful conduct by certain issuers that interferes with the exercise by DTC and its participants of their duties to holders with respect to securities deposited at DTC.

To the extent that any issuers have legitimate concerns regarding trading activities in securities they have issued to the public they should address those matters through appropriate means with the Commission or otherwise.

For the reasons set forth herein, DTC believes that it would be in the interests of the National Market System and consistent with the intent of Section 17A for the Commission to approve the Proposed Rule. The Commission should adopt the Proposed Rule and confirm that issuers are not authorized to restrict the ownership or registration rights of securities intermediaries and prohibit transfer agents from aiding and abetting such wrongful conduct.

Respectfully submitted,

The Depository Trust Company

By: 
Larry E. Thompson
General Counsel
